

Article - Business Regulation

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§8–410.

(a) (1) After the Commission pays a claim from the Fund:

(i) the Commission is subrogated to all rights of the claimant in the claim up to the amount paid;

(ii) the claimant shall assign to the Commission all rights of the claimant in the claim up to the amount paid; and

(iii) the Commission has a right to reimbursement of the Fund by the contractor who the Commission finds responsible for the act or omission giving rise to the claim for:

1. the amount paid from the Fund; and

2. interest on that amount at an annual rate of at least 10%, as set by the Commission.

(2) All money that the Commission recovers on a claim shall be deposited in the Fund.

(b) If, within 60 days after the Commission gives notice, a contractor on whose account a claim was paid does not reimburse the Fund in full, the Commission may sue the contractor in a court of competent jurisdiction for the unreimbursed amount.

(c) The Commission is entitled to a judgment for the unreimbursed amount if the Commission proves that:

(1) a claim was paid from the Fund on account of the contractor;

(2) the contractor has not reimbursed the Fund in full;

(3) the contractor was given notice and an opportunity to participate in a hearing on the claim before the Commission; and

(4) (i) the Commission directed payment based on a final judgment of a court of competent jurisdiction or a final award in arbitration; or

(ii) the decision or order of the Commission is final in accordance with Title 10, Subtitle 2 of the State Government Article and there is no pending appeal.

(d) The Commission may refer to the Central Collection Unit for collection under §§ 13–912 through 13–919 of the Tax – General Article a debt owed to the Commission by a contractor on whose account a claim was paid from the Fund and who is at least 1 year behind in reimbursement payments to the Fund.

(e) For the purpose of excepting to a discharge of a contractor under federal bankruptcy law, the Commission is a creditor of the contractor for the amount paid from the Fund.

(f) (1) (i) If a person liable for reimbursing the Guaranty Fund under this section receives a demand for reimbursement and fails to reimburse the Fund, the reimbursement amount and any accrued interest or cost are a lien in favor of the State on any real property of the person if the lien is recorded and indexed as provided in this subsection.

(ii) Interest shall continue at the rate of interest on a judgment as provided in § 11–107(a) of the Courts Article until the full amount due the Fund is paid.

(2) The lien in favor of the State created by this subsection may not attach to specific property until the State Central Collection Unit records written notice of the lien in the office of the clerk of the court for the county in which the property subject to the lien or any part of the property is located.

(3) The lien in favor of the State created by this subsection does not have priority as to any specific property over any person who is a lienholder of record at the time the notice required under paragraph (2) of this subsection is recorded.

(4) The notice required under paragraph (2) of this subsection shall contain:

(i) the name and address of the person against whose property the lien exists;

(ii) the amount of the lien;

(iii) a description of or reference to the property subject to the lien; and

(iv) the date the Guaranty Fund paid the claim giving rise to the lien.

(5) Upon presentation of a release of any lien in favor of the State created by this subsection, the clerk of the court in which the lien is recorded and indexed shall record and index the release and shall note in the lien docket the date the release is filed and the fact that the lien is released.

(6) The notice required under paragraph (2) of this subsection and any release filed under paragraph (5) of this subsection shall be indexed with the judgment lien records maintained by the office of the clerk of the court where the notice is recorded.

(7) The clerk may collect a reasonable fee for recording and indexing each notice of lien or release of any lien under this subsection.

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